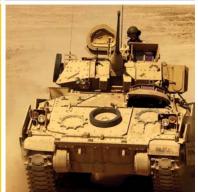
# 2<sup>nd</sup> Quarter FY 2006 IPR

Financial Improvement and Audit Readiness (FIAR)

April 27, 2006







# **Agenda**

- Current Metrics
- Current and Upcoming Deliverables
- Ongoing Issues



## 2<sup>nd</sup> Quarter FY 2006 Metric

### Financial Improvement and Audit Readiness (FIAR) Plan Progress Report

#### **Department of Defense Consolidated Status** 2006 2007 2008 2009 2011 2010 **Balance Sheet** Q1 Q2 Q3 Q4 **Amount** DoD Wide Fund Balance with Treasury - \$238.2B - 19% 2006 2007 2008 2009 2010 2011 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Amount % OUSD(C) \$87.4B Army 37% Navy \$78.3B 33% Air Force \$63.4B 27% USMC \$8.4B 4% DLA \$0.6B 0%



<u>Observations:</u> 3 Navy key milestones were not completed due to delay in policy issuance and will be modified in revised version of Plan. 1 Air Force key milestone for the award of an IPA by the OIG was not completed due to negotiations with the OIG on the scope of the assertion. USMC completed the key milestone for the FBWT validation.

## 2<sup>nd</sup> Quarter FY 2006 Metric

**Real Property - \$68.9B - 5%** 2006 2007 2008 2009 2010 2011 Q1 Q2 Q3 Q4 Amount % OUSD(C) OUSD(AT&L) Army \$23.0B 33% Navy \$16.5B 24% Air Force \$24.4B 35% **USMC** \$3.8B 6% DLA \$1.2B 2%

<u>Observations</u>: OUSD(C) issued a revision to the DoD FMR, established consensus on the 1998 baseline and revised the capitalization threshold. OUSD(AT&L) approved the revised DoDI 4165.14 as planned and expects to issue it in April. Navy implemented selected transformational Real Property Inventory Requirements (RPIR), completed an initial CIP reconciliation with USACE, and DLA tested and trained its personnel on a web-based tool to track preponderant use property.

### Military Equipment Valuation - \$329.3B - 26%

	2006				2007			2008					20	09			20	10			20	11				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Amount	%
OUSD(C)			$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$							-	-										
OUSD(AT&L)			$\bigcirc$																-	-						
Army			$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\triangle$	$\bigcirc$	$\bigcirc$	$\bigcirc$					\$96.7B	29%										
Navy			$\bigcirc$	$\triangle$	$\bigcirc$	$\bigcirc$	$\bigcirc$									\$132.6B	40%									
Air Force			$\bigcirc$	$\triangle$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$					\$92.3B	28%										
USMC			$\bigcirc$	$\triangle$	$\bigcirc$	$\bigcirc$	$\bigcirc$									\$7.7B	2%									

Observations: OUSD(AT&L), Army and Air Force completed 100% of their key milestones, which included delivering baseline valuation and assertion training and updating baseline data for asset deliveries and acquisitions. Navy and USMC expect to complete the update of the baseline data in Quarter 3.

## 2<sup>nd</sup> Quarter FY 2006 Metric

#### 

Observations: No key milestones were scheduled for completion in Quarter 2.

### Military Retirement Health Care - \$296.6B - 16%

	20	006		2007				2008				2009					20	10			20	11			
	Q1 Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Amount	%
TMA			$\bigcirc$	$\triangle$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$									\$201.5B	68%							
SMA			$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$		$\bigcirc$	$\bigcirc$	$\bigcirc$	<b>9</b> 95.1B	32%								

Observations: OUSD(P&R) completed the identification of deficiencies for Phase I of their discovery process for Tricare Management Activity. Air Force completed a key milestone for identifying the initial financial statement needs for Service Medical Activity.

#### Environmental Liabilities - \$64.2B - 3%

	2006				2007					2008				20	09			20	10			20	11			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Amount	%
OUSD(C)			$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$		$\bigcirc$		$\bigcirc$	$\bigcirc$												-	-
OUSD(AT&L)																									-	-
Army			$\bigcirc$		$\nabla$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$									\$40.3B	63%							
Navy			$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\nabla$	$\bigcirc$		$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$									\$16.8B	26%
Air Force			$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$		$\bigcirc$		$\triangle$	$\bigcirc$					\$6.6B	10%							
USMC			$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\nabla$	$\bigcirc$		$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$									\$0.2B	0%
DLA			$\bigcirc$	$\nabla$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$	$\bigcirc$									\$0.3B	1%						



Observations: OUSD(AT&L) missed 2 key milestones: one requiring the assignment and funding of proponency for buried chemical weapons disposition and the other requiring an approved Army Acquisition Program Baseline for the Chemincal Demilitarization Program. Army completed its initial estimates for its DERP sites, but did not complete 3 CAMD key milestones. Navy completed 7 key milestones resolving policy issues, documenting processes and procedures, and completing the universe of sites. Air Force did not complete 1 key milestone requiring the publication of a best practices guide and is expecting to complete it in May.

Our Army at War –

Relevant and Ready, Today and Tomorrow

## FIAR Plan Deliverables

### ■ 31 March 2006

- Begin monthly reporting for both focus areas and non-focus areas
- Revision of Environmental Liabilities, FBWT and Military Equipment KMPs
  - Established critical paths (standardized milestones across services which prepare for audit readiness) for both Environmental Liabilities and Military Equipment
- Assignment of additional accountability to DFAS for monthly key milestone reporting

### **30 June 2006**

- Revision of Real Property KMP
  - Include RPIR data elements

### Next version of the FIAR plan due September 2006

- Additional focus areas planned to be added include:
  - Inventory and OM&S
  - Accounts Payable
  - Accounts Receivable
  - Military Pay Obligations
- Plan to finalize IUS KMP



# FIAR Plan – Ongoing

- Monthly status updates of FIAR Key Milestones (KMs) for current quarter and upcoming quarter
- Continued coordination from ASA(FM&C) with functional offices for updates to FIAR Plan as needed
- Participation in OSD work shops and working groups
- Requirement of services to provide a memorandum to their Military Department Secretaries, if any revised KMP date changes (move out) previously approved audit dates, or if the audit date is not affected, then a memorandum from the MILDEP FM/C

